



THE FLORIDA SENATE
SELECT COMMITTEE ON PATIENT PROTECTION
AND AFFORDABLE CARE ACT

Location

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Senator Joe Negron, *Chair*

Senator Eleanor Sobel, *Vice Chair*

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Senate's Website: www.flsenate.gov

March 12, 2013

The Honorable Don Gaetz
President of the Senate
404 S. Monroe Street
409, The Capitol
Tallahassee, FL 32399-1100

Dear Mr. President:

The Senate Select Committee on the Patient Protection and Affordable Care Act (PPACA) continues to focus on protecting individual choice, limiting the regulatory burdens on Florida's businesses, and promoting better value in health care purchasing.

In Monday's meeting, the Select Committee discussed the Medicaid expansion mandated in the Affordable Care Act, but made optional by the U.S. Supreme Court's ruling released June 28, 2012. During the last four months, the Select Committee received extensive testimony from many different perspectives in an effort to assess the potential impacts of expansion on Florida's current Medicaid program, health care system, state budget, and economy.

By a vote of 7-4, the Select Committee's recommendation to the full Senate is to not use the option provided by the Patient Protection and Affordable Care Act to expand eligibility for services under the current Medicaid State Plan or pending waivers. Members voting in opposition to expansion under the current program were Senators Bean, Brandes, Flores, Grimsley, Legg, Simmons, and myself. Members voting in favor of expanding the current Medicaid program were Senators Gibson, Smith, Soto, and Sobel.

A majority of the Select Committee expressed concern over adding an estimated one million new enrollees to the current Medicaid system. Members opposed to expansion of the current program cited the critical stage of implementation for the statewide Medicaid managed care reforms passed by the Legislature in 2011. In addition, a majority of the Members shared their frustration at the budgetary demands generated by the current Medicaid program and our limited ability to enact meaningful reforms to this entitlement.

The discussion and debate led to consideration of several alternatives. Specifically, Senator Bean and I put forth preliminary proposals that seek to reduce the number of uninsured Floridians by utilizing the private insurance market.

Senator Bean proposed leveraging federal subsidies for Floridians earning 100 – 138 percent of federal poverty to purchase insurance through the health insurance exchange required under the Affordable Care Act. Senator Bean also proposed the state continue existing safety net programs with the option to direct additional limited state revenues toward covering those under 100 percent federal poverty.

The proposal I outlined uses federal funding to assist individuals and families purchase private coverage by establishing an alternative benchmark plan similar to the private insurance most people have. This initiative can be operated separate from our current Medicaid program by building on the successful framework of Florida Healthy Kids. During the committee meeting I outlined 5 guiding principles:

1. The state's goal should be to end Medicaid as it has existed in the past by moving toward a Florida-based alternative that will give consumers a stake in their health care choices while protecting the financial health of the state through a more predictable cost structure.
2. The alternative benchmark plan would utilize available federal funds to provide premium assistance to help eligible individuals and families purchase private insurance plans with cost-sharing based on income.
3. The alternative benchmark will offer both individual and family plans, similar to the policies people receive from their employers or purchase in the private market and unlike the current Washington-based Medicaid program. The goal is to create a system that promotes ownership and personal responsibility, instead of government dependency.
4. The plan will feature a Health Reimbursement Account that can be used to incentivize and reward healthy behaviors. Participants will be able to earn credits that can be used to offset their share of cost, or to purchase additional health care products or services.
5. The state will delegate management responsibilities to Florida Healthy Kids, allowing the Agency for Health Care Administration to focus on the statewide reform of our current Medicaid program. By leveraging the successful model developed by Florida Healthy Kids, we can better manage taxpayer dollars.

While the plans proposed by myself and Senator Bean were the main alternatives discussed at Monday's meeting, additional plans may emerge given the Select Committee's recommendation not to expand our current program. At this time no specific legislation has been drafted, but I will be requesting your approval for a proposed committee bill based on the input of the committee members.

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Subject to your direction and approval, I anticipate the Select Committee completing its work and pending recommendation on insurance regulation at our meeting proposed for Monday, March 18. On behalf of the Members of the Select Committee, thank you for your continued trust and for the opportunity to serve on this important committee.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Joe Negron", written over a horizontal line.

Joe Negron, Chair